



MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

The Observer

Deloitte is holding the inaugural Asia Pacific Conduct Watch Survey to gain insights into the region's attitudes and capabilities towards whistleblowing. Senior Management, 'C-Suite', or Board level individuals with some form of responsibility or oversight related to whistleblowing are encouraged to participate in this survey. The survey results will be published on 23 June 2023 in the 2023 Asia Pacific Conduct Watch Survey Report.



Please click the [link](#) or scan the QR code on the right to access the survey.

07.04.2023

❖ Improvements expected in conducting AGMs

The month of April marks the beginning of the bustling annual general meetings (AGM) season. As usual, MSWG encourages shareholders to attend AGMs, as it will provide an opportunity for shareholders to provide feedback and raise questions on the operational and financial performance as well as on any other major developments or issues impacting the company.

Shareholders should actively participate in the Question & Answer (Q&A) sessions - ask questions, and closely dissect responses made by the Board and senior management for making informed decisions about their investments.

On the other hand, we believe PLCs could do better in conducting their AGMs this year by incorporating the following better practices:

- The introduction of senior management
- Multimedia presentation on annual business performance
- The displaying of shareholders' questions on the screen for the benefit of all participants during the meeting (For virtual and hybrid meetings)

The introduction of management

Based on our observation, out of the 382 AGMs (comprising physical, virtual, and hybrid meetings) that we attended in 2022, only 46% of the AGMs introduced the senior management.

PLCs are encouraged to introduce key management personnel during the AGM e.g., chief executive officer (CEO), chief financial officer, chief operating officer, finance director. Large PLCs with multiple subsidiaries may introduce the head of respective subsidiaries during the AGM.

Business performance review

A briefing on the company's overall business performance is another essential yet often omitted aspect in AGMs. The AGM is a once-in-a-year opportunity for shareholders to learn more about the PLC.

A clear, concise and well-articulated multimedia presentation is an effective way to communicate to shareholders to further expand their knowledge about the company and its business.

Highlighting the key achievements and challenges faced can facilitate constructive and effective engagement with shareholders.

However, less than half (43% of the 382 AGMs) presented their annual business performance to shareholders through a multi-media presentation or something similar. Often, these sessions came with charts, tables, pictures and videos to present hard facts or figures into easily digestible visuals.

The Board should make full use of the presence of the key management personnel at the AGM for a short briefing session as they are the people running the daily business.

While some companies may argue that the management analysis and discussion section in annual reports already sufficiently addresses the business and operational matters, it would be good if the board could update the current challenges, prospects, and outlook as the annual reports and financial statements are dated and a few months old. If PLCs deem the session time-consuming, they can opt for a short presentation and keep it within their preferred timeframe.

Presentation of shareholders' questions on screen

Transparency is critical at AGMs especially when it comes to virtual meetings. We find that only 62% of the 295 virtual and hybrid AGMs we attended had displayed shareholders' questions on the screen.

For the benefit of all participants, PLCs are encouraged to display shareholders' questions on the screen during meetings (for virtual and hybrid AGMs). The virtual AGM should replicate the physical AGM as far as possible.

PLCs may hesitate to display undesired or controversial questions raised by shareholders or may want to cut the Q&A session short. However, doing so, results in a lack of transparency and lack of time for shareholders to raise questions at AGMs.

It is better if shareholders' questions are streamed 'live' instead of being collated and moderated by a moderator. With the latter, there is a risk that the moderator may not forward certain relevant albeit sensitive questions to the Board (for answering).

PLCs should consider implementing the best practices above at their upcoming AGMs.

Norhisam Sidek
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 10 – 14 April 2023

For this week, the following are the AGMs/EGMs of companies in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

Date & Time	Company	Quick-take
10.04.23 (Mon) 10.00 am	Systech Bhd (EGM)	<p>The EGM will seek shareholders' approval for two exercises namely:</p> <ul style="list-style-type: none"> - Proposed acquisition of 80% equity interest in TalentCloud AI Sdn Bhd, for RM14.4 million - Proposed disposal of the Company's entire equity interests in Syscotech Sdn Bhd, Mobysys Sdn Bhd, Techcasys Sdn Bhd, Syscotech Inc. and Syscode Sdn Bhd for RM6.6 million.
12.04.23 (Wed) 11.00 am	KPJ Healthcare Berhad (EGM)	<p>KPJ Healthcare is seeking shareholders' approval for the proposed disposal of two parcels of vacant freehold land in Queensland, Australia by its indirect subsidiary Jeta Gardens (Qld) Pty Ltd for AUD6.5 million (equivalent to RM19.6 million).</p> <p>The proposed disposal is aimed at raising funds to address some of Jeta Gardens' financial challenges, including improving working capital.</p>
12.04.23 (Wed) 11.00 am	LPI Capital Bhd (AGM)	<p>LPI recorded lower operating revenue after ten years of consecutive growth to RM1.66 billion in FY2022 compared to RM1.72 billion the year before. The decline was due to lower gross earned premiums and dividend income received.</p> <p>Nevertheless, the Board remains confident that LPI will resume the growth trend in 2023 notwithstanding headwinds like phased liberalisation, increased claim and reinsurance costs.</p>
13.04.23 (Thur) 10.00 am	CIMB Group Holdings Berhad (AGM)	<p>CIMB recorded commendable results in FY2022 with a 26.7% increase in net profit to RM5.44 billion despite a marginal increase of 1.7% in total operating income to RM19.84 billion.</p>

		<p>The robust result was driven by a strong 7.7% gross loan growth and a significantly lower provision made on loans, advances and financing amounted to RM1.95 billion compared to RM2.6 billion in the year before.</p> <p>Despite the anticipated economic slowdown in major global economies, e.g., the United States and European Union, CIMB is cautiously optimistic in line with positive economic growth within its key operating countries and segments.</p>
13.04.23 (Thur) 11.00 am	Poh Huat Resources Holdings Berhad (AGM)	<p>On the back of higher shipments driven by resilient demand for furniture globally – a result of the work-from-home norms, the Group recorded a significantly higher revenue of RM703.2 million for FY2022 compared to RM554.7 million last year.</p> <p>The Group reported a higher net profit of RM84.1 million in FY2022 compared to RM32.2 million in FY2021 mainly due to better labour and plant utilisation rates and forex gains.</p>
13.04.23 (Thur) 11.00 am	Malaysia Marine and Heavy Engineering Holdings Berhad (AGM)	<p>The Group's revenue surged by 13% to RM1,651.6 million on the back of recovery in both Heavy Engineering and Marine segments as pandemic-related challenges eased. The Group also won several large contracts including the world first Kasawari Carbon Capture & Storage (CCS) project which has catapulted MHB's order book to RM6.6 billion, the highest ever recorded.</p>

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
KPJ Healthcare Berhad (EGM)	<p>The proposed disposal of the lands will give rise to AUD6.5 mil in cash proceeds, of which Jeta Gardens intends to utilise AUD2.42 mil for the repayment of banking facilities and AUD3.96 mil to fund its general working capital (page 6 of the Circular).</p> <p>For the past three financial years from 2019 to 2021, Jeta Group recorded pre-tax losses ranging from AUD3.98 mil to AUD6.14 mil per annum. As of end-Dec 2021, Jeta Group had a deficit</p>

	<p>in working capital, with current liabilities exceeding current assets by AUD15.25 mil (page 7 of the Circular).</p> <p>a) What is Jeta Gardens' financial position for FY2022?</p> <p>b) Will the funds raised from the disposal of the lands be sufficient to address Jeta Gardens' immediate financial needs and support its long-term growth, or will additional funding be necessary in the near future?</p> <p>c) How does the value of the lands being disposed of compare to their potential future value, and could holding onto them be more beneficial in the long run?</p> <p>d) Are there any potential drawbacks to the disposal of the lands? For example, could the sale of the lands negatively impact Jeta Gardens' ability to develop more retirement and aged care facilities in the future?</p>
LPI Capital Bhd (AGM)	<p>LPI recorded lower operating revenue after ten years of consecutive growth to RM1.66 billion compared to RM1.72 billion in FY2021. The decline was due to lower gross earned premiums and dividend income received.</p> <p>Nevertheless, the Board remains confident that LPI will resume the growth trend in 2023.</p> <p>What are the catalysts for LPI to rebound from the tepid performance in FY2022, especially amidst the challenging macroeconomic conditions and the operating environment ahead?</p>
CIMB Group Holdings Berhad (AGM)	<p>With growing scrutiny on how banks conduct their lending activities, some major banks faced greenwashing accusations in that they are actively promoting green initiatives while hiding information about their continued financing of high carbon footprint companies.</p> <p>a) How does the Bank guard against greenwashing?</p> <p>b) After achieving the RM30 billion target ahead of schedule, the Bank now aims to double its sustainable finance commitment to RM60 billion by 2024. How is the use of proceeds of the financing tracked? How does the Bank ensure that customers utilise the facilities as intended and that its utilisation is aligned with the Bank's sustainability targets?</p> <p>c) How does the Bank verify or certify that its ESG-focused loans/financing/investments have delivered on their promises? Is such verification independently and/or externally certified?</p>
Poh Huat Resources Holdings Berhad (AGM)	<p>From FY2018 to FY2021, POHUAT's PBT margin stayed below 10%. What were the reasons for the exceptional PBT margin of 15.1% in FY2022? Can the company maintain a double-digit PBT margin in the foreseeable future?</p>
Malaysia Marine and Heavy Engineering	<p>The Group is particularly impacted by high steel prices as mentioned in the Chairman's Message. (Page 21 of IAR).</p>

Holdings Berhad (AGM)	<p>a) What is the impact of the high steel prices on the Group's gross profit margin in FY 2022?</p> <p>b) What are the measures taken to mitigate the impact of the high steel prices?</p> <p>c) Is the Group able to pass-through the high steel prices in the contracts secured?</p> <p>d) What is the outlook of the steel prices in FY 2023?</p>
-----------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

MSWG TEAM

Devanesan Evanson, Chief Executive Officer (devanesan@mswg.org.my)

Rita Foo, Head, Corporate Monitoring (rita.foo@mswg.org.my)

Norhisam Sidek, Manager, Corporate Monitoring (norhisam@mswg.org.my)

Lee Chee Meng, Manager, Corporate Monitoring (chee.meng@mswg.org.my)

Elaine Choo Yi Ling, Manager, Corporate Monitoring (elaine.choo@mswg.org.my)

Lim Cian Yai, Manager, Corporate Monitoring (cianyai@mswg.org.my)

Ooi Beng Hooi, Manager, Corporate Monitoring (ooi.benghooi@mswg.org.my)

Jackson Tan, Manager, Corporate Monitoring (jackson@mswg.org.my)

Clint Loh, Manager, Corporate Monitoring (clint.loh@mswg.org.my)

DISCLOSURE OF INTERESTS

•With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholders Watch Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter